

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 100TH GENERAL ASSEMBLY

BILL NO: **SB 1335**

February 23, 2017

SPONSOR (S): Bush

SYSTEM(S): Downstate Firefighters

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**FISCAL IMPACT:** Currently there is no data available for analysis of the fiscal impact of SB 1335. An updated note will be submitted, when information becomes available.

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**SUBJECT MATTER:** SB 1335 proposes that if a full-time firefighter became employed under a separate municipality on a full-time basis that second employer would be required to compensate the first employer for additional liabilities associated with additional work as a firefighter.

**COMMENT:** SB 1335 amends the Downstate Firefighters article of the Illinois Pension Code in the following ways:

- A unit of local government, with an established Downstate Firefighters pension fund that employs a full-time firefighter, shall be deemed a primary employer with respect to that full-time firefighter.
  - Any unit of local government that employs a firefighter that already has a primary employer shall be deemed a secondary employer, and such employees shall be deemed to be secondary employee firefighters.
- Primary and Secondary employers shall have the following duties:
  1. A secondary employer shall annually prepare a report accounting for all wages and salaries paid to the secondary employee firefighters it employs for each fiscal year in which such firefighters are employed. A certified copy of that report shall be transmitted to the primary and secondary employer no later than 30 days after the end of any fiscal year in which wages were paid to the secondary employee firefighters.
  2. The secondary employer shall contribute an amount equal to 17.5% of the total wages and salaries paid to the secondary employee firefighter to the primary employer's pension fund for deposit to the credit of the pension fund.
  3. The primary employer shall contribute an additional amount equal to 9.455% of the total amount of salaries and wages paid by the secondary

employer to the secondary employee firefighter and pay such amount to its pension fund for deposit to the credit of the pension fund. This contribution shall be made no later than 15 days after receipt of the secondary employer's report.

4. The primary employer and the pension fund of that primary employer shall have standing to enforce the pension funding obligations of the secondary employer and secondary employee firefighters.
  - The required primary and secondary employer contributions apply beginning on the first day of the primary employer's pension fund's first fiscal year beginning on or after the effective date of this bill.
  - If a unit of local government fails to transmit to the fund the required primary and secondary contributions for more than 90 days after their due date, the Fund may certify to the State Comptroller the amounts of delinquent payments. The Comptroller then must, beginning in fiscal year 2018, deduct and remit to the Fund the certified amounts or a portion of those amounts from payments of State funds to the unit of local government.
    - The State Comptroller may not deduct from any payments of State funds to the unit of local government more than the amount of delinquent payments certified to the State Comptroller by the Fund.

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